

## Appendix B

### WEST LANCASHIRE BOROUGH COUNCIL

### SHARED OWNERSHIP POLICY



December 2022

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## 1.0 POLICY OVERVIEW

### Introduction

- 1.1 West Lancashire Borough Council is committed to providing a range of affordable housing options that meet the housing needs and aspirations of the Boroughs' existing residents and those households who may wish to relocate to the Borough.
- 1.2 It is widely recognised that there is a shortage of affordable housing nationally and locally.
- 1.3 In West Lancashire, our housing need study indicates a requirement for affordable rented housing as well as a need from newly forming and existing households who wish to be able to get a step on the property-owning ladder by accessing affordable home ownership products.
- 1.4 This policy aims to set out a broad framework to enable the Council to deliver a home ownership product commonly known as Shared Ownership.
- 1.5 This policy should be read in conjunction with the requirements at the time, of the Homes England Capital Funding Guide - <https://www.gov.uk/guidance/capital-funding-guide>

### Policy Aims

- 1.6 The aims of this policy are to:
- support residents to meet their housing needs and aspirations
  - ensure that the Council's shared ownership homes are purchased fairly and transparently
  - ensure that residents who purchase a shared ownership property can afford it at point of purchase
  - offer Shared Ownership products that are compatible with mortgage lender requirements
  - ensure all sales are compliant with the regulatory requirements of Homes England
  - meet the conditions set through any Section 106 agreements
  - enable a quick and efficient sales process
  - set out how the Council will manage its Shared Ownership properties

### Links to the Council's Corporate Priority

- 1.7 This policy supports the Council Priority of:
- ***A clean, safe environment with affordable homes to buy or rent for everyone in West Lancashire***

## **Equalities**

- 1.8 We are committed to ensuring that this Shared Ownership policy does not impact disproportionately on different equality groups.

## **2.0 SHARED OWNERSHIP**

### **What is Shared Ownership?**

- 2.1 Shared Ownership is an affordable home ownership product through which households can purchase a share, as low as 10% in a new home and pay a regulated rent via a lease arrangement on the remaining unsold share.
- 2.2 By purchasing a share, households can benefit from the stability of home ownership without having to meet the deposit and borrowing requirements of purchasing 100% of the property.

### **What is Staircasing?**

- 2.3 From the point of initial purchase, householders have the option of buying extra shares in the home, known as staircasing. This means householders can, "staircase" to full ownership over time dependant on their financial circumstances.
- 2.4 Staircasing can take place in tranches as low as 1%, but this is limited to the first 15 years of the lease, or the first 15 years of ownership for a new tenant if the lease is assigned. Thereafter staircasing will need to take place at no less than 5% tranches.

### **Development of Shared Ownership**

- 2.5 Shared ownership can be delivered through planning obligations in the form of a Section 106 contribution where the planning applicant is required to deliver part of a residential site in the form of affordable housing with property and affordable tenure types being agreed with the Council.
- 2.6 Shared Ownership may also be developed using affordable grant funding from Homes England, the Governments Housing Accelerator - <https://www.gov.uk/government/organisations/homes-england>. Schemes developed this way must comply with specific requirements as set out in Homes England Capital Funding Guide.

### **Shared Ownership Marketing**

- 2.7 In the case of new shared ownership schemes developed by the Council, various means will be used to advertise the availability of a scheme. There is, however, a requirement for the Council to use the services of the Governments Help to Buy agent for the North called Help to Buy Agent 1

- [www.helptobuyagent1.org.uk](http://www.helptobuyagent1.org.uk)

- Tel: 0300 790 0570

2.8 Help to Buy Agent 1 is one of three agents set up by the Government to help advertise and deliver Government funded home ownership schemes. The agent:

- provides information to help applicants understand the home ownership schemes that are available and
- is involved in undertaking an initial financial eligibility assessment of the household on behalf of the Council.

2.9 Other methods of marketing new shared ownership properties may include:

- the Council's website
- estate agents
- other social media platforms or approaches

2.10 Site signage will also be erected, which is a requirement of Homes England. This will provide details of the new development including information about registering interest in purchasing a shared ownership home.

2.11 The extent of any marketing will depend on the level of expected demand; however, the Council will always seek to make information available as soon as is practicable ensuring that marketing takes place in advance of a new development's completion.

### **External Agent / Company**

2.12 The Council will enter into an agreement with an external agent/company, to manage the sales and marketing of Council built shared ownership homes.

2.13 The appointed marketing and sales company will be required by the Council to ensure it acts in accordance with the Consumer Protection and Unfair Trading Regulations (2008) and any other relevant regulatory guidance when marketing the Council's shared ownership homes.

2.14 All prospective purchasers will be provided with clear and accurate information, which has been approved by the Council on the homes being sold.

## **3.0 FINANCIAL ELIGIBILITY & QUALIFICATION**

### **Financial Eligibility Threshold**

3.1 Shared Ownership is aimed at helping people in housing need who are unable to buy a property on the open market.

3.2 Applicant eligibility criteria applies to Shared Ownership properties that are developed using grant funding from Homes England. We will use the same eligibility criteria for non-grant funded shared ownership schemes.

3.3 A household can be considered for shared ownership if both of the following apply:

- their **gross** household income is £80,000 a year or less
- they are unable to afford all the deposit and mortgage payments for a home on the open market that meets their needs

One of the following must also apply:

- they are a first-time buyer
- they used to own a home, but cannot afford to buy one now
- they own a home and want to move but cannot afford a new home suitable for their needs
- they are forming a new household - for example, after a relationship breakdown
- they are an existing shared owner and want to move

3.4 Capital assets, access to that capital, and any income generated by it will be considered when assessing income eligibility for Shared Ownership.

3.5 Capital assets could include savings, bonds, shares, land and any other assets or investments. Applicants will be expected to liquidate capital assets they may have.

3.6 Assessment of household income will include all members of the household whether they have joined the application or not. An exception would be the income of children under 18 and any other household members whose residence in the home is unlikely to be permanent.

3.7 Only in exceptional circumstances will applications from households with incomes above the maximum threshold be progressed, and in those circumstances, it will first require consideration and written approval from Homes England.

3.8 Two financial assessments are usually undertaken:

- Initial Affordability Assessment
- Detailed Affordability Assessment

### **Help to Buy Agent 1 and Initial Affordability Assessment**

3.9 Interested applicants will be required to complete an Affordable Home Ownership Application through Help to Buy Agent 1 who will:

- undertake an initial headline eligibility assessment to determine if the household has the financial capacity to afford and sustain homeownership in the long term.

- following completion of the above, submit provisionally eligible applicant details to the Council, or the Councils appointed agent who will consider the application further

### **Council or its Agent – Detailed Affordability Assessment**

3.10 Upon receipt of provisionally eligible applicant details from Help to Buy Agent 1, the Council or its external agent will:

- undertake a detailed financial assessment which will take account of savings, access to capital or any other assets, and any existing or projected outgoings to assess the affordability of the purchase.

3.11 The detailed assessment will also determine the percentage share the applicant can afford to buy as applicants will be expected to buy the maximum share, they are able to afford from the outset.

3.12 The assessment as to the maximum share purchase an applicant can afford must be undertaken by a suitably qualified and regulated mortgage or financial advisor, and buyers should make sure that the advisor is suitably experienced.

3.13 Once the assessment has been completed the mortgage / financial advisor will need to complete and return to the Council, a declaration form confirming that they have assessed the applicant(s) eligibility, affordability, and suitability for the Shared Ownership scheme.

### **Cash Buyers**

3.14 The Council understands that sometimes people may have a capital sum to put towards their purchase which may partially or fully cover the percentage share they want to buy. Cash Buyers will be subject to the same affordability and sustainability assessments along with the same expectation that they will maximise the share they purchase.

3.15 Confirmation will be sought from the mortgage / financial advisor that the buyer is unable to obtain a mortgage if the applicant is young enough to access mortgage finance. Money laundering checks will be required in these circumstances as the Council will require information and evidence on the source of cash payments.

### **Gifted Deposits**

3.16 Some households may benefit from financial assistance with the deposit, through a financial gift known as gifted deposit. Only gifted deposits from close family members defined as, parents, grandparents and siblings, will ordinarily be permitted. Other relationship types may be considered where appropriate.



- 3.17 While the provision of a gift will not be reason to stop a purchase, the value of the gift will be assessed to determine if the gift would enable the household to purchase a property on the open market.
- 3.18 Applicants receiving a gifted deposit will be expected to provide a completed Gifted Deposit Form from the family member providing the money.

### **Financial Conduct Authority (FCA)**

- 3.19 Prior to a purchase, the Council will require a copy of the buyer's mortgage offer, including the amount of borrowing. Mortgages must be obtained from a lending institution that is regulated by the FCA.

## **4.0 HOUSEHOLD ELIGIBILITY**

### **Age**

- 4.1 All applicants must be 18 or over.

### **Joint and Sole Applicants**

- 4.2 Joint applicants for a Shared Ownership home can only proceed on the condition that both applicants become the joint legal owners of the home.
- 4.3 For a joint application both applicants must meet the Shared Ownership eligibility criteria and the assessment of affordability will be based on the financial circumstances of both.
- 4.4 One person in a household can submit an application as a sole applicant. In these instances, the sole applicant would become the sole legal owner of the Shared Ownership home and only their eligibility and affordability would be assessed. However, the assessment of gross household income will still need to be based on all household members and will need to be within the £80,000 threshold.
- 4.5 There is nothing to prevent an applicant(s) being supported in their purchase of a Shared Ownership home by a trust fund held by an external party, family members, etc. However, the Shared Ownership application would still be in the name of the applicant(s), and it is they who will become the legal owner of the home. It is not possible for a trust fund to become a joint legal owner of a Shared Ownership home as the trust is unable to join in the application and be assessed according to the same criteria.

### **Existing Homeowners**

- 4.6 Under some circumstances, existing homeowners can be considered eligible for shared ownership homes. This includes cases of existing homeowners whose property no longer meets their housing needs and cannot afford to buy on the open market, or where a relationship breakdown has resulted in the household splitting.

4.7 Existing homeowners wishing to apply for a West Lancashire Council Shared Ownership home must;

- have their name removed from the previous mortgage and evidence this; or
- be in the process of selling their existing home and be able to demonstrate it is no longer suitable for their needs (e.g. overcrowded); or
- the sale of existing property completes at the same time of the purchase of the Shared Ownership property.

4.8 More information about these provisions and any special requirements can be found in Homes England Capital Funding Guide.

### **Immigration Act Status**

4.9 The Homes England Capital Funding Guide states:

- People accessing grant funded Shared Ownership properties are required to demonstrate that they can afford and sustain home ownership in the longer term.
- Those applicants who are subject to immigration control (i.e., who require leave to enter or remain in the United Kingdom under the Immigration Act 1971) are less likely to be able to satisfy this requirement unless they have indefinite leave to remain in the UK.
- However, there is nothing which legally prevents individuals subject to immigration control and without indefinite leave to remain from accessing Shared Ownership, provided that they fulfil the Providers usual requirements. If such an applicant can demonstrate their ability to sustain their home ownership obligations, it is likely to be discriminatory to deny them access to affordable home ownership assistance.
- Providers may wish to take the view that if a qualifying lending institution is willing to provide finance for the purchase, then the individual is considered good security and therefore should be allowed access to the scheme.
- Providers must adopt a case-by-case approach and are responsible for the decision as to whether the individual in question qualifies for Shared Ownership.

4.10 With the above in mind, the Council will consider each case on its merits and before a final decision is made on eligibility, seek advice as is appropriate to ensure that the decision is fair, transparent, and not regarded as discriminatory.

### **Elected members, staff and their relatives**

4.11 Elected members, staff and their relatives are eligible to apply for Council shared ownership properties. All applications will be assessed in line with the process set out in this policy. The Head of Housing will give a final approval for any allocations to elected members and their relatives. The Head of Housing will give a final approval to any allocations to staff and their relatives.

### **Exemptions**

4.12 Exemptions may include (but are not limited to) individuals whose financial commitments such as high childcare, or child maintenance payments reduce their ability to afford to buy a home on the open market. This will be assessed on a case-by-case basis.

4.13 The Head of Housing has authority to approve any exemptions to the criteria included in this policy. All exemptions will be monitored to ensure the Council's shared ownership properties are targeted to those most in need.

### **Bedroom eligibility**

4.14 To ensure households are not overcrowded, they will be assessed against the Government's Allocation of Accommodation Guidance 2012 defined 'bedroom standard', which requires a separate bedroom for the following:

- Married or cohabiting couple
- Adults aged 21 years or more
- Two children aged 0-20 years of the same sex
- Two children aged under 10 years regardless of sex

### **Existing Social Housing Tenants**

4.15 An applicant who is an existing Council or Social Housing tenant will not be eligible for Shared Ownership if they are not complying with the terms of their tenancy agreement at the time of application.

### **Changes of Circumstance**

4.16 The Council is aware that household circumstances can change over time, and it is possible that some changes may affect a household's ability to afford to buy and sustain the ongoing costs of home ownership, even if the household has been initially assessed as being eligible to purchase.

4.17 Where changes have occurred between initial application and exchange of contracts, the Council will ensure that applicants continue to meet the eligibility criteria, prior to any exchange of contract.

## 5.0 APPLICANT PRIORITY

### Priority Requirements

5.1 In line with the requirement of Homes England Capital Funding priority will be given to both serving and former military personnel. This priority applies if:

- The applicant has completed their basic training (phase one) as:
  - Regular service personnel (Navy, Army and Air Force)
  - Clinical staff
  - Ministry of Defence Police Officers
  - Uniformed staff in the Defence Fire Service
- They are ex-regular service personnel who have served in the Armed Forces for a minimum of six years, and can produce a Discharge Certificate (or similar documentation) as proof, where they apply within two years the date of discharge from service
- They are defined as a surviving partner under the Homes England Capital Funding Guide of regular service personnel who have died in service, where they apply within two years of the date of being bereaved.

### Households with the same priority

5.2 If two or more residents have the same level of priority, the property will be offered to the applicant with the earliest registration date.

## 6.0 RESERVATIONS AND SALES VALUATIONS

### Reservation

- 6.1 A property may be reserved once affordability and eligibility checks have been approved.
- 6.2 Eligible applicants who wish to purchase the property following receipt of approval following affordability and eligibility checks will be required to pay a reservation fee of \*\*\***YET TO BE DETERMINED**\*\*\*
- 6.3 When paying the reservation fee, the buyer will also be required to sign the reservation fee form agreeing to the terms and conditions under which the fee is paid. The reservation fee will be offset against the sale price.
- 6.4 Upon receipt of the reservation fee there will be an expectation that the buyer will progress to exchange of contract within twelve weeks (or an alternative timescale as is appropriate in the prevailing housing market) from the confirmation of sale.

- 6.5 The Council will reserve the right to discontinue an application due to lack of progression from the buyer, or until the applicant(s) withdraws their interest in writing if sooner.
- 6.6 It will be at the discretion of the Corporate Director of Transformation, Housing and Resources whether the reservation is held beyond the target exchange date, and this will be determined by the cause of the delay and whether it is related to issue beyond the buyer's control.
- 6.7 All decisions to extend will be agreed on a case-by-case basis.
- 6.8 Should the buyer not proceed with the purchase for any reason, the reservation fee will not be refunded. Exceptions may be made in certain circumstances, e.g., where not receiving the refund would cause severe financial hardship. This will be at the discretion of the Corporate Director of Transformation, Housing and Resources.
- 6.9 Applicants who owe any money to the Council before or during the purchase process will not be allowed to progress until the debts have been cleared, to the satisfaction of the department responsible for collecting the debt.

#### **Mortgage offer approval**

- 6.10 Prior to the purchase, the Council's appointed sales and marketing company will require a copy of the buyer's mortgage offer, including the amount of borrowing and the terms and conditions being applied. This is to check that the terms of the mortgage offer are fair and that repayments will be sustainable for the purchasers.

#### **Sales Valuation**

- 6.11 Prior to first (initial) sale the Council (or its agent) will arrange for each shared ownership home to receive an independent valuation from a Royal Institute of Chartered Surveyor qualified surveyor.
- 6.12 Initial sales will be based on the full market value of the property. The Initial share sold to buyers will be between 10% - 75%

### **7.0 COMPLETION / POST PURCHASE**

#### **Lease**

- 7.1 The shared ownership lease provided by the Council will be of a 990-year duration.

#### **Charges**

- 7.2 On the day of completion, the new owner will become responsible for the payment to the Council of rent, service charges and any other charges that

apply including any administration charges where they are provided for in the lease.

- 7.3 The Council will also charge administration fees for other services provided to shared owners that are not specified in the lease; for example, re-mortgaging applications.
- 7.4 The Council will require the payments to be made monthly by Direct Debit.
- 7.5 Both the rent and service charge will be reviewed annually on 1<sup>st</sup> April each year, in line with the terms of the lease. The service charge may change depending on the expenses incurred for the development.

### **Rent Charge**

- 7.6 The applicable monthly rent at point of purchase will be no more than 2.75% of the unsold equity. This means rents will be set on an individual property basis depending what percentage has been sold.
- 7.7 Under current regulations, increases in rent are limited to the Retail Price Index (RPI) plus 0.5%.
- 7.8 Shared owners will be given at least one month's notice in writing of the revised rent, which will commence in April of the relevant year

### **Service Charge**

- 7.9 At the point of purchase the shared owner will become responsible for the payment of service charges (and any other charges) which apply for the relevant financial year.
- 7.10 Service charges may be levied to fund the following (*not an exhaustive list*):
- Communal cleaning
  - Buildings insurance
  - Maintenance of lifts, door entry systems and other items such as solar panels
  - Management and audit fees
  - Estate management services
- 7.11 The Council will provide shared owners with accurate and timely information about service charges, including a breakdown of the relevant costs. Charges will reflect the cost of delivering a particular service and will be apportioned equally.
- 7.12 The service charge provisions differ for Shared Ownership houses and flats:
- For flats the Council will estimate the charges to be incurred in the following year reconciled at the end of the Account Year. An annual

service charge will be set based on this. Shared Owners will be charged for this monthly at the same time as rent to spread the cost.

- For houses the Council will set charges based on a fair and proper proportion of outgoings billable as and when they arise.

7.13 Some Shared Ownership houses may be subject to estate management charges which will remain applicable even if the Shared Owner purchases 100% of the property (staircases out). E.g. the upkeep of communal garden areas. In these circumstances the shared owner will need to ensure they make arrangements to pay estate management charges direct to the provider of those services / the applicable management company.

### **Rent / Service Charges / Mortgage Arrears**

7.14 It is a condition of the lease agreement to pay the rent and in the case of shared ownership shared owners, to maintain mortgage payments. Failure to pay the rent, service charges or mortgage payments or any other breaches of the lease agreement could lead to loss of the shared owner's home.

### **Completion Day**

7.15 On the day of completion, a member of the Council team or its agent will be on hand to provide new owners with keys to the property and to demonstrate how to use the facilities and answer any queries they may have.

7.16 Buyers will also be given a Home User Guide that will provide helpful information about the property. While this is not a complete list it will include:

- meter readings
- warranties for any appliances fitted
- how to pay service and rent charges
- sets out the Council full repairs and maintenance obligations
- New Homes / Builder Warranties eg NHBC

### **Repairs during the first year**

7.17 For the first year, the contractor who built the property remains responsible for rectifying defects at no cost to the owner. Common defects repairs will be outlined in the Home User Guide.

### **Repairs & Maintenance**

7.18 The Council will be responsible for essential External and Structural repairs in the first 10 years as shown in the lease under the definition of "initial repair period".

7.19 This means that during the initial repair period, and provided the repair is not covered by the building warranty or any other guarantee pertaining to the

particular components, the landlord is responsible for the cost of and arranging for essential External and Structural repair works to:

- the load bearing framework of the premises
- the external fabric of the premises; and/or
- the Service Media forming part of (but not exclusively serving) the premises
- all other structural parts of the premises, the roof, foundations, joists and external walls of the premises

7.20 The “first 10 years” applies to new-build properties only and will be effective from the date it is built (i.e. Practical Completion). This period will last until the end of the first 10 years or the date the shared ownership shared owner staircases to 100%, whichever is the earlier. If a property is resold in the first 10 years, the next shared owner will be entitled to benefit from the remaining balance of the 10 year External and Structural period. External and Structural Repairs do not include normal general maintenance, redecoration and renewal works.

7.21 Shared owners benefit from a general Repairs and Maintenance Allowance, in which they can claim up to £500 in costs per year.

7.22 Any portion of general Repairs and Maintenance Allowance repair and maintenance costs over and above £500 will be the responsibility of the shared owner.

7.23 The allowance is intended to enable the shared owner to keep in repair and proper working order (if faulty and not covered by warranty):

- installations in the property for the supply of water, gas and electricity and for sanitation (including basins, sinks, baths and sanitary conveniences, but not other fixtures, fittings and appliances for making use of the supply of water, gas or electricity), pipes and drainage or
- installations in the property for space heating and heating water

7.24 Shared owners will also have the flexibility to roll over a maximum of one years' worth of unused general Repairs and Maintenance Allowance repairs expenditure into the following year if the fault is not covered by warranty. For example:

1<sup>st</sup> Year

- *No repairs required and so £500 can be carried forward to 2<sup>nd</sup> year*

2<sup>nd</sup> Year

- *No repairs required so £500 from year 1 plus £500 from year 2 is available = £1000*

3<sup>rd</sup> Year

- *No repairs required – only one year of £500 can be carried forward from year 2, even though £1000 was available.*



- *This means at Year 3, there is a total of £1000 available made up of £500 available from year 2 (the maximum that can be carried forward in any one year) plus £500 available from Year 3*

7.25 The annual general Repairs and Maintenance Allowance cannot be used for repairs that are covered by a warranty / guarantee. This means that:

- Before submitting a claim to the Council under the general Repairs and Maintenance Allowance outlined above, the shared owner should first determine if the required repair is covered by any property warranties/guarantees in operation at the time.
- If the repair work is covered by such warranty / guarantee, then the shared owner will be required to use the warranty / guarantee to facilitate the repair.
- Where repair work is not covered by a warranty / guarantee, then in advance of the shared owner arranging any works they should contact the Council for approval to proceed. To enable the Council to determine if they are essential and genuine works and not the result of the Shared owner breaching their lease covenants then the shared owner will be required to:
  - provide all reasonable information, including invoices and photographs
  - and provide such access to the premises as required by the Council

7.26 The Council will only provide payment under the general Repairs and Maintenance Allowance if it is satisfied that:

- the works were necessary
- they are not covered by an existing warranty/ guarantee
- the cost incurred reflects the rates in the market
- the works have been carried out by a Trustmark approved tradesperson

7.27 The Council will update the shared owner of the balance of the general Repairs and Maintenance Allowance available to the shared owner both at the beginning of each year and following an approved claim.

**Important Note**

*The Council will not carry out works or repairs which have become necessary due to neglect, misuse, wilful damage, breach of tenancy by you or a member of your household or as a result of forced entry by the Police or other emergency services*

**Sinking Fund**

- 7.28 For Shared Ownership homes funded under the Affordable Homes Programme 2021 to 2026, in calculating the annual sinking fund charge, the Council will not factor in any External and Structural repair work, expected or unexpected, within the first 10 years as part of the initial repair period.
- 7.29 Sinking funds will be collected to pay for major repairs to the building which may occur either only once during the lifetime of the building, or at intervals of more than one year, for example, a lift or roof replacement or the redecorating of the communal areas
- 7.30 The shared owner will pay into the fund monthly from the start of the purchase until the property is sold.
- 7.31 In the case of a shared ownership apartment which is sold to a new owner, the value of the sinking fund remains with the property for the next owner.

### **Gas Safety**

- 7.32 Shared owners are responsible for maintaining and regularly servicing all appliances in their property. Failure to carry out these checks may result in a breach of the lease agreement and could potentially affect the building insurance policy.
- 7.33 All gas appliances, including gas boilers, gas flues, gas cookers and gas fires should be safety checked and serviced regularly according to the manufacturer's instructions. Such services should be carried out by a Gas Safe registered or equivalent approved engineer at least every 12-months.
- 7.34 Shared owner will be required to keep a record of each such safety check and provide a copy to the Council immediately after each safety check.
- 7.35 The Shared owner will be responsible for carrying out any remedial action identified by the engineer in their checks.

### **Home Improvements**

- 7.36 Where Shared owners wish to make alterations to the property, they will first need to seek written approval from the Council.
- 7.37 Where written permission is given, the Council will clarify expectations such as any pre or post inspection of planning permission, building regulations, insurance cover during and after works, and set out conditions such as the future maintenance of improvements and alterations.
- 7.38 Shared owners are not able to:
- make any alterations or additions to the exterior of the property.
  - make any structural alterations or structural additions to the property.
  - erect any new buildings on the property; or
  - remove any of the Landlord's fixtures from the property

7.39 Below is a list of example alterations that can be carried out, some require permission from the Council, whilst others do not:

Permission from the Council IS required:

- Replacing window frames
- Works affecting any services to the property, for example, electric, gas, drainage, water
- Installation of central heating/replacement of boiler
- Any change to the internal layout of your property
- Rewiring
- New kitchens and bathrooms
- Installation of aerials or satellite dishes
- to alter or make an addition of a non-structural nature to the interior of the property

Permission from the Council ISN'T required:

- Replacing glass in windows
- Changing internal doors
- Internal decoration

### **Buildings Insurance**

7.40 The Council will provide block buildings insurance cover for all its leasehold blocks of flats and Shared Ownership houses, unless there are contractual terms in place which require otherwise. The Information Governance section of the Council website provides information about making an insurance claim.

### **Contents Insurance**

7.41 The Council will not provide insurance for the contents of Shared Ownership properties. Shared owners will be advised to arrange their own contents insurance or, if available, take advantage of the specialist tenants contents insurance policy available through the Council.

### **Pets**

7.42 If a shared owner wishes to keep a pet, they should obtain written permission from the Council in accordance with their lease.

7.43 The Council will make decisions to grant permission on a case-by-case basis. in line with the Council Pet Policy – April 2018 (as amended).

### **Subletting**

- 7.44 The Shared owner is not permitted to sub-let or part with possession of the property in any other way until the Shared owner staircases to 100% ownership of the property.
- 7.45 Shared Ownership leases must prohibit sub-letting by the shared owner to protect public funds and ensure applicants are not entering Shared Ownership potentially for commercial gain.

### **Breach of Lease**

- 7.46 Where a shared owner is acting in breach of the terms of their lease then appropriate action will be taken. Breaches may include, but are not limited to:
- Failure to pay rent, service charges, or the mortgage
  - Improper use
  - Causing or permitting a nuisance, annoyance or disturbance
  - Not maintaining, or causing damage to the property or premises
  - Carrying out alterations or adaptations to the property without consent
  - Subletting the property without consent

### **Stair-casing (buying more shares in your home)**

- 7.47 Buying more shares in a shared ownership home is called 'stair-casing'.
- 7.48 The shared owner can purchase shares at 5% and above, any time after they acquire their initial share. Staircasing can also take place in tranches as low as 1%, but this is strictly limited to the first 15 years of the lease, or the first 15 years of ownership for a new tenant if the lease is assigned
- 7.49 For the 15-year period where 1% staircase purchase option applies, the Council will provide the shared owner with an annual, "Additional Percentage Value Notice" so they are informed of the 1% value and can consider if they wish to purchase an additional share. The Additional Percentage Value Notice is valid for three months from the date of service.
- 7.50 At any time after the expiry of the Additional Percentage Value Notice the shared owner may request a further calculation of the 1% value.
- 7.51 Purchases of a 1% share does not require the property to be valued by a Royal Institute of Chartered Surveyor qualified surveyor, unless the shared owner disagrees with the 1% value shown in the Additional Percentage Value Notice. In such circumstances the shared owner is entitled, at their own cost to instruct a Valuer to determine the Market Value in accordance with the provisions of the lease.
- 7.52 Where a shared owner wishes to purchase additional shares at 5% and above then any valuations required for stair-casing will be at the shared owners' expense and must be undertaken by a Royal Institute of Chartered Surveyor qualified surveyor who is required to provide a true reflection of the property's open market value.

- 7.53 The shared owner will be required to pay for their own legal fees in addition to the valuation referred to above.
- 7.54 When a shared owner increases their share in the ownership of the property (staircases), the rent will decrease. The Council will re-calculate the rent and apply the new rent from the date of completion of the staircase transaction. Once a shared owner staircase to 100% ownership, no rent will be payable.

## **Resales**

- 7.55 A resale is where an existing shared owner wants to sell all their shared ownership interest in their property. The principle is the same as buying a new shared ownership property, but the new buyer will need to buy at least the share that the shared owner currently owns.
- 7.56 A shared owner wishing to sell their interest should contact the Council to inform of their intention to sell.
- 7.57 Upon receipt of the "intention to sell" notification, the Council will inform the shared owner of:
- the steps required to facilitate a resale
  - which part of the process the shared owner is responsible for in terms of arranging and being liable for fees
  - whether the Council has rights to nominate a buyer to the resale property – this will depend upon the original terms in the lease
- 7.58 Typical items that the shared owner will be liable for:
- arranging and paying for a property valuation
  - arranging marketing and estate agency fees
  - facilitating viewings for potential buyers at your home
  - legal fees
  - other fees allowed for in the lease related to resales including fees incurred, even if a resale does not take place
- *The above is not intended to be a full list*
- 7.59 In order to establish the value of the shared owners share the valuation referred to above, must be undertaken by a Royal Institute of Chartered Surveyor qualified surveyor who is required to provide a true reflection of the property's open market value. Upon receipt of the property's open market value, the value of the shared owners' current share can be calculated.
- 7.60 Open market valuation reports are valid for three months. The shared owner will need to provide updated reports to correctly reflect the value of the property until point of sale.

- 7.61 If the property is down-valued by the mortgage lender's surveyor, the Council will investigate the reasons supplied by the lender against the original valuation. This will include reviewing other similar properties for sale in the local area.
- 7.62 Properties cannot be advertised below their open market value without permission from central government.
- 7.63 The shared owner should not commence any marketing of the property until the Council has confirmed in writing that marketing may commence. This requirement allows the Council to ensure that all required steps have been followed ahead of the commencement of formal marketing.
- 7.64 A household interested in purchasing a resale shared ownership property will be subject to eligibility and qualification checks as described in this policy.
- 7.65 The Council approves potential buyers of the shared owner's home.

**8.0 POLICY REVIEW**

- 8.1 This Policy will be reviewed and updated in 2025 to take account of any significant changes in legislation, guidance, or good practice.
- 8.2 Tenants/Residents will be consulted and involved if there are any significant changes.

<b>Approved by:</b>	
<b>Effective date:</b>	
<b>Review date:</b>	
<b>Policy developed by:</b>	
<b>Associated Procedure:</b>	